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C O N F I D E N T I A L LA PAZ 001239

SIPDIS

INL PASS TO FRANCISCO PALMIERI

E.O. 12958: DECL: 08/27/2019
TAGS: [EAID](#) [KDEM](#) [PGOV](#) [PINR](#) [PREL](#) [SNAR](#) [BL](#)
SUBJECT: "CLOSED" MEANS "CLOSED": USAID DEMOCRACY PROGRAMS
TO CEASE OPERATIONS

REF: A. LA PAZ 1220
[1](#)B. LA PAZ 1027
[1](#)C. LA PAZ 1142
[1](#)D. LA PAZ 1111
[1](#)E. LA PAZ 1062
[1](#)F. LA PAZ 1043

Classified By: Charg d'Affaires John Creamer for reasons 1.4 (b, d)

[1](#)1. (C) SUMMARY: Charg d'Affaires Creamer met with Foreign Minister David Choquehuanca and Deputy Foreign Minister Hugo Fernandez on August 24 to discuss their previous agreement to "suspend" rather than "close" USAID democracy programs (REFTEL A). The meeting was prompted by an August 18 GOB letter instructing us to close our democracy programs immediately. Fernandez confirmed to Charg that after consultations with Planning Minister Noel Aguirre, Foreign Minister Choquehuanca, and Bolivian Ambassador to the UN Pablo Solon, the GOB has decided that these programs must be closed down within 90 days. END SUMMARY.

[1](#)2. (C) Charg d'Affaires met with Foreign Minister Choquehuanca and Vice Foreign Minister Fernandez on August 24 to discuss the suspension of USAID democracy programs. Whereas the Foreign Minister and representatives from the Planning Ministry had previously indicated that only a few USAID programs within the democracy component of USAID's Democracy and Governance portfolio would be suspended, in an August 17 letter, Planning Minister Noel Aguirre instructed that USAID's democracy, public administration, and dispute resolution programs be closed. (Note: USAID had previously suggested to the GOB that the public administration and dispute resolution programs be considered outside the democracy component, both for thematic reasons and because the GOB previously requested that these programs, which include the Integrated Justice Centers, municipal strengthening work, and election monitoring, continue. End note.)

[1](#)3. (C) Fernandez said the earlier understanding that the programs need only be "suspended" assumed that the bilateral dialogue process would proceed more rapidly than it has, and

that those talks would provide a forum for discussion of the overall framework for U.S. assistance programs. The GOB believes that the dialogue has not moved forward because of delays in the confirmation of A/S-designate Arturo Valenzuela. Fernandez said that without progress, the GOB is willing to incur the political cost of closing some USAID programs. He also voiced frustration that the U.S. counterproposal to the GOB did not refer to the GOB's proposal that all USG assistance should be state-to-state, rather than through nongovernmental organizations.

¶4. (C) Charg voiced his disappointment over the GOB's decision and noted that prior agreements stipulated that the GOB provide a three-month grace period for closing out programs. Fernandez said the GOB started the three month clock when the first Aguirre letter was delivered on July 9 (REFTEL B). Fernandez offered to send a diplomatic note, which the Charg agreed would be helpful. Charg indicated that upon receipt of the note, USAID would contact the Planning Ministry to coordinate the program closures. USAID intends to close out the affected programs within 90 days of receipt of the diplomatic note. (Note: USAID has program implementation contracts which require advance cancellation notice. End note.)

¶5. (C) USAID currently has about \$4.8 million in the democracy and governance portfolio "pipeline" to implement current projects (including obligated funds and funds now being spent) and had planned to obligate an additional \$11 million before the end of FY09 to implement future activities, many of which were directly requested by the GOB.

Post intends to meet with the World Bank and other donors and interested parties to inform them of the GOB's decision.

¶6. (C) Comment: Similar to events prior to the ATPDEA announcement, we believe the GOB is playing hardball on the assistance issue in an effort to position itself to win no matter what happens with our bilateral dialogue. If the dialogue proceeds, the GOB will claim victory. If the talks break down, it will be our fault. We also suspect that GOB hardliners such as Presidency Minister Quintana -- who have always opposed the talks -- are pushing to heighten tensions before our September 15 certification announcement, believing that will offer a perfect pretext for ending the dialogue.
CREAMER